

Low Income Energy Policies

Description:

Energy is a significant portion of the average low income household's annual cost, yet many low income residents live in homes with substandard insulation, inefficient appliances, windows and lighting. As a result, they spend more than they need to on energy costs - directly taking away from other family requirements. But while low income families are excellent candidates for cost effective upgrades, a lack of liquid capital, generally lower than average credit scores and lack of access to the usual avenues of marketing means they have been a difficult market to reach. Furthermore, the low income community is an attractive target for government supported policies because they are often availing themselves of other assistance programs. Lowering the expenses associated with energy usage can reduce their reliance on public assistance.

A range of policies have been pursued to address these barriers toward expanding access to energy efficiency and renewable energy for the low income population.

Discussion of the Policy:

The federal government runs the [Weatherization Assistance Program \(WAP\)](#) out of the Department of Energy. There is also a [Low Income Heating and Energy Assistance Program \(LIHEAP\)](#) which provides cash assistance to those low income families that need cash assistance in meeting energy costs. Some states have chosen to link the two - by requiring an energy audit and automatic enrollment in the WAP program for those families that apply for LIHEAP. The idea being, if the government is going to provide cash assistance, they should try to lower the overall bill while they are at it.

Another approach a state may want to examine is streamlining or automatically entering participants in other income based services into the Weatherization program. While many states maintain the same income qualification for, say their food stamp program as their weatherization program, they require a separate application for weatherization. Since most people aren't as aware of weatherization and its benefits as are aware of the food stamp program, those people slip through the cracks. By increasing the population participating in weatherization, the agencies delivering the weatherization services can theoretically bundle services by region or neighborhood - decreasing the cost per home.

Increasingly, states are adopting "shared solar" policies which allow percentages of the output of a solar development to be shared among multiple investors. (See a discussion of this policy in [this policy sheet](#)). States may want to use state funds (or possibly, if allowable, LIHEAP funds) to purchase shares that would be allocated exclusively to low income customers. A bonus for this type of policy would be to tie the recipient of those shares to receiving efficiency services through the Weatherization program - reducing their costs both through reducing overall energy demand and providing solar services to reduce their utility cost. The shares would be tied to the low income program, so could be fungible among recipients.

Utility expansion of federal weatherization program - States receive federal weatherization funds to operate a low income weatherization program that is focused on increasing the efficiency of low income customers. The utility is also subsidized with cash assistance to low income customers who are unable to pay their utility bill. One policy might add a rider to utility bills that would go toward a low income weatherization fund that would deploy weatherization assistance to all recipients of cash assistance - using the existing infrastructure of weatherization providers. As a separately funded program to the federal program, this program could benefit

from state specific goals that would not be allowable under the federally funded program or could be used to expand the services offered by the federally funded program.

Example State Programs:

[The California Solar Initiative](#), or CSI, reserved 10 percent of its budget, or \$216 million, to support the adoption of solar power by low-income families. This budget is divided between the Single-Family Affordable Solar Housing, or SASH, and Multifamily Affordable Housing, or MASH, programs.

[Colorado's SB 09-051](#) established the state's shared solar program and reserved 5% of all subscribers for low income. The PUC has implemented this by saying each project needs to have 5% of subscribers qualified as low income. Another approach would be to provide a larger payment to developers for each kWh going to low income customers - creating a market push toward more low income subscribers.

More Information:

- American Council for an Energy Efficient Economy (ACEEE), Low Income Programs:
<http://aceee.org/topics/low-income-programs>
- ACEEE, Myths of Low Income Energy Efficiency Programs:
<http://aceee.org/files/proceedings/2014/data/papers/7-287.pdf>
- International Energy Agency, Evaluating the co-benefits of low income energy-efficiency programmes Report:
https://www.iea.org/publications/freepublications/publication/low_income_energy_efficiency.pdf